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5% August Sales Hike Seen - P. 12

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Indianapolis Shoppers Prefer:

Shoppers in Indianapolis interviewed as they left K mart and Target preferred K mart by a margin of 57.3% to 42.7%, citing lower prices as the primary reason. *(DSN research)*

K mart Withstands Invasion Of Indianapolis by Target

By Christine Haggerty

INDIANAPOLIS—Target's takeover of the Ayr-Way sites hasn't toppled K mart's strong consumer franchise here, but customers of both chains say they have been treated to an improved brand of merchandising since Target's arrival three months ago.

Discount Store News returned to Indianapolis this month to conduct the second in a series of consumer attitude surveys, attempting to determine Target's impact on the marketplace. The first survey was made this February while Target was operating its newly bought Indianapolis stores under their former Ayr-Way name (DSN, Feb. 9, 1981).

The July survey showed that even though Target seems to have moved smoothly into the sites without displacing Ayr-Way's existing customer base, it has not affected K mart's market share. K mart has built a strong reputation for having the lowest prices in town, and this was the major reason why shoppers preferred K mart. The chain's recent store remodeling and merchandise upgrading have also served to counteract Target's potential allure.

Among the highlights of the shopper survey were:

- K mart and Target shoppers both visit their respective stores around once a week. Ayr-Way customers had shopped an average of 2.5 times a month. This increased frequency may show more price comparison shopping taking place between K mart and Target than there was between K mart and Ayr-Way, or that greater advertising frequency has picked up traffic.
- K mart is the price leader of the two chains. On a 27-item-for-item price comparison, K mart's marketbasket total was $222.04, while Target's totaled $247.20. Target's prices (compared to Ayr-Way prices, for the same 27 items last February) jumped 5.8%, while K mart's only increased 1.4%.

(Continued on page 23)

K mart Aggressively Seeks Brand Name Apparel

NORTH BERGEN, N.J.—"Unlimited Open To Buy" was the headline on an ad run by K mart Apparel in the RTW classifieds of *Women's Wear Daily.*

K mart's efforts to obtain more designer and brand-name apparel for both remodeled and traditional stores makes an across-the-board appeal for name-brand merchandise, off-price specials and job lots in dresses, coats and jackets, lingerie, tops, bottoms, sportswear and children's RTW, naming each buyer in those categories and also listing a name and number at the California buying office.

The ad signals K mart's decision to move aggressively into backdoor resources for brand names that will support and enhance the new image of its apparel departments.

A quick survey of K mart stores in Indianapolis, Michigan and New Jersey by *DSN* reporters showed designer jeans in ladies, men's and girls' departments; name-brand sports footwear; some Levi and a few Izod shirts for men, but not enough top names to create a brand-name image for the stores.

The Izod shirts, for example, were down to six pieces in the Novi, Mich., store; three medium blue, two brown and one dark blue, each priced at $16.88. These were the "worst-selling colors" according to an employee who had no idea when more Izods might arrive. The white and light-blue shirts, however, had moved very quickly.

The Novi store also had about a half dozen Nike shoes ($26.96 each), three pairs of Wilson shoes ($19.96) to go with a large assortment of Converse ($15.96), and some Pumas at $16.00 (men's) and $18.00 (women's).

(The Novi store also had the Atari video game at $148, and two Whirlpool microwave ovens —the RJM 7700 at $429 and the RJM 7100 for $279—in part of a hard lines brand tradeup move reported by *DSN* in an earlier issue.)

In New Jersey, the available brand-name and designer merchandise varied widely between stores.

The Paramus store on Rt. 17 had the largest selection by far, but contained only a few pairs each of top lines such as Calvin Klein, Sergio Valente, Bon Jour, Sasson and Jordache. The balance of the selection included secondary designer brands like Oscar de la Renta and Yves Saint Laurent, and brands like Chardon (for men) and Carabine.

The first display in the Paramus store was a full round of ladies Carabine ($24.99), Sasson ($23.99) and Bon Jour ($19.99) signed "new arrivals."

The balance of the junior department designer and brand-name assortment consisted of a full 10′ X-rack of Oscar de la Renta at $19.99 signed "designer jeans"; another full rack, half of which contained Sergio Valente ($24.99) and Bon Jour ($19.99), and the other half Lee ($22.99) and Wrangler ($18.96). A third 10′ X-rack signed "designer jeans" (and also carrying the Calvin Klein and Sergio Valente logos) contained Calvin Klein ($23.99), Yves Saint Laurent ($22.99), Jordache ($23.99) and Sergio Valente ($24.99). The Saint Laurent goods, however, comprised easily 90% of the mix. The last 10′ X-rack of brands held Shades, Pizzazz,

(Continued on page 26)

Service Merchandise's upscale Novi, Mich., showroom has raceway and dropped ceiling follow angled shape of jewelry area, surrounded by high-margin goods like crystal and giftware (in background). *(DSN photo)*

Service Merchandise Opens New 'Store-in-the-Round' Prototype

By Arthur Markowitz

NOVI, Mich.—Service Merchandise unveiled a radical new prototype unit here designed to promote impulse sales of higher-margin goods by spotting jewelry in the center of the showroom area, surrounded by such other clipboard-ordered categories as giftware, crystal and silver.

The upgraded, rust-colored, carpeted showroom portion has a conventional department store fashion look created by the use of specialty fixtures, alcoves and fingerwall-set-off areas to merchandise specific categories such as floor care, clocks and dinnerware.

The cataloger showed its new showroom area—which has the feel of being a "store in the round" due to its layout—two years after its last major prototype debuted in the simultaneous opening of its four Florida units.

The specialty fixtures used include a wood slatboard gondola with brackets that can be set up to hold shelves and/or hooks. This company-designed display is a highly flexible fixture used to hold merchandise including stereo components, cassette holders, film and light bulbs in Sight and Sound, smoke detectors and escape ladders in home furnishings, and bath shop goods and traffic appliances in housewares.

Other fashion-oriented fixtures are wood-frame tables to hold luggage, C-shaped and X-shaped slatboard units as variations on the slatboard gondolas, and X-shaped, three-level glass box units for crystal and silver.

Other major innovations in the 60,000-sq.-ft. showroom

(Continued on page 21)

Arnold Suval

Suval Is Chmn., CEO, Jefferson/Ward

LOS ANGELES—Arnold Suval, president of the Zodys division of Hartfield-Zodys, has been tapped for the newly created post of chairman and ceo of Jefferson/Ward.

Suval, 52, is the latest discount chain executive to join the team Stephen L. Pistner, Montgomery Ward's new president and coo, has been putting together to run both the Miami-based discount division and the ailing general merchandise operation (DSN, July 13). David Kenny, Jefferson/Ward's president, will remain in that position and report to Suval. The chairman-president hierarchy being installed at the discounter by Pistner—who was president of Dayton Hudson before signing on with Ward this spring—mirrors the management structure DH used with its subsidiaries, including its Target discount stores.

Suval, who will also become a senior vice president of Montgomery Ward when he takes over the chairman's office on

(Continued on page 26)

Korvettes' Sites: Going, Going . . .

Store and Location	Sq. Ft.	Current Tenant (Sq. Ft.), or Status
CONNECTICUT		
Trumbull	205,000	G. Fox
ILLINOIS		
***Arlington Heights**	139,000	Goldblatt[1]
***Elmhurst**	193,000	K mart: 84,000
***Matteson**	299,000	Woolco: 95,000
***Morton Grove**	185,000	Goldblatt[1]
***North Riverside**	199,000	K mart: 84,000
***Oak Lawn**	121,000	Woolco: 115,000
MARYLAND		
***Catonsville**	177,000	(K mart)
***Belair**	90,000	(Hecht)
Glen Burnie	171,000	(Murphy's Mart)
Langley Park	125,000	K mart
Rockville	224,000	Vacant
Towson	190,000	(Murphy's Mart)
MICHIGAN		
Madison Heights	92,000	K mart: 92,000
***Redford[2]**	200,000	Vacant
***Roseville[2]**	90,000	Vacant
***Southfield[2]**	139,000	Vacant
***Southgate[2]**	200,000	Vacant
MISSOURI		
***St. Louis (Sunset Hills)**	104,000	Strip Center
St. Louis (Florissant)	99,000	Strip Center
NEW JERSEY		
Audubon	194,000	(Woolco)
***Moorestown**	151,000	K mart: 84,000
North Brunswick	130,000	Vacant
Paramus	221,000	(Caldor)
***Trenton**	140,000	Vacant
***Watchung**	188,000	(Caldor)
West Orange	205,000	(Caldor)
Woodbridge	213,000	(Caldor)
***Wayne**	225,000	Fortunoff
NEW YORK		
***Bronx**	228,000	Vacant
***Brooklyn (Fulton St.)**	166,000	Real Estate
***Brooklyn (Shore Pkwy.)**	205,000	Vacant
Carle Place	196,000	Government
***Colonie**	139,000	Vacant
***Commack**	217,000	Gertz
***Flushing**	131,000	Vacant
Hempstead	300,000	Flea Market
Hicksville	230,000	Vacant
Huntington	142,000	Strip Center
***Lake Grove (Smithhaven)**	155,000	Gertz
***Lawrence**	204,000	Vacant
***Douglaston**	236,000	(Gertz)
***Massapequa**	135,000	(A&S)
***Nanuet**	156,000	Vacant
N.Y. (Fifth Avenue)	189,000	Real Estate
N.Y. (45th Street)	70,000	Real Estate
***N.Y. (Herald Square)**	260,000	Vacant
Pelham	220,000	(Caldor)
***Port Chester**	210,000	(Caldor)
Scarsdale	150,000	J. W. Mays: 127,000
***Staten Island**	181,000	Vacant
Valley Stream	180,000	(Gertz)
West Islip	110,000	Vacant
PENNSYLVANIA		
Camp Hill	130,000	Vacant
Cheltenham	260,000	Vacant
King of Prussia	186,000	(Sears)
Philadelphia	180,000	Marshalls/Vacant
Springfield	106,000	Vacant
VIRGINIA		
Bailey's Crossroads	235,000	Vacant
***Hampton**	200,000	Vacant
Springfield	175,000	Vacant

**Store owned by Korvettes or Arlen Realty & Development Corp.*
( )Discounter scheduled to open in closed Korvettes site.
[1]Goldblatt has closed these stores under Chapter XI proceedings.
[2]Arlen has sold these sites to a company in which the head of The Taubman Co., a leading real estate developer, has a major interest.
(Source: DSN Research)

Korvettes' Skeleton Firm May Be Rattled by Troubles of Parent Co.

NEW YORK, N.Y.—Despite the closing of all of its 61 stores and the leasing out of 38 of them, 30 to retailers, Korvettes as a company still lives—and thus may be involved with the financial misfortunes of its French parent, Agache-Willot.

Agache-Willot is the guarantor of Korvettes' obligations, but the financial problems of the French parent have magnified the importance of the closed stores as Korvettes' key asset.

The need to obtain the highest possible price for the stores has resulted in the slow sale and/or leasing of the units. The pace has also been adversely affected by (1) the weak demand for new stores due to high interest rates; (2) disagreement with landlords over sublease agreements, and (3) the multilevel design of most Korvettes, which makes them less attractive than one-floor buildings to discounters looking to save on operational costs by recycling closed units.

To date, however, discounters have obtained the greatest number of ex-Korvettes, 18, with K mart and Caldor picking up six each, Woolco taking three, Murphy's Mart two and J. W. Mays one. Seven other retailers obtained 12 stores.

As for management of the skeleton company, Agache-Willot late last month named Charles Herlin as Korvettes chairman, succeeding Joseph Ris, who resigned after handling the dissolution of the 36 stores in operation when he took over as chairman in May 1980.

Herlin, who specialized in real estate and legal matters as a director of Conforama, one of Agache-Willot's retailing chains in France, told DSN that he wanted to find out what are Korvettes' assets "so we can meet our obligations to our United States creditors."

He asserted that Korvettes wasn't involved in Agache-Willot's financial problems in France which have seen the parent company's key business, Boussac-Stain-Freres, a textile operation, file for bankruptcy.

A commercial court in Lille, France, which is adjudicating the matter, has appointed an administrator to develop a reorganization plan that could also involve Agache-Willot's profitable operations, including the Dior and Ted Lapidus fashion houses and the Conforama, Au Bon Marche and Galeries Anspach chains.

A Korvettes attorney said that the company was uncertain as to what effect, if any, Agache-Willot's problems would have.

Korvettes' assets are the stores it owns and the leases it still holds on units it had rented. Herlin's comment on identifying what these assets are reflects the confused relationship between Korvettes and Arlen Realty & Development Corp. (ARDC), which sold the discounter to Agache-

(Continued on page 5)

Physical Fitness, Indoor Exercise To Rule Sporting Goods in Fall

Special DSN Sporting Goods Report

Physical fitness and indoor exercise will dominate fall sales in the sporting goods departments of major discounters. Reflecting the apparent customer commitment to fitness, discounters are upgrading their merchandise mix and investing in increasingly sophisticated machinery.

"Our current low-end number was top of the line just a couple of years ago," said a spokesman for King's, referring to exercise benches. "We used to have one straight and one slant. Today, slant is basic." The chain's top-ticket model is a heavy-duty padded slant bench with multiple attachments. Price points in the category range from $29 to $89.

"Exercise is one of the few categories that has good long-term growth potential," said Prange Way's Terry Kilgore, who hopes to top last year's 35% sales increase this fall. The exercise department is currently being upgraded with introduction of an exercise bicycle which will retail for $169.99 and be promoted at $139.99 or $149.99. "The trend is toward better bikes," said Kilgore, pointing out that the tradeup model has a weighted wheel for a smoother ride and caliper brakes rather than the traditional roller style. Other desirable features in exercise bicycles are timers, instrumentation, larger seats and a shrouded front wheel, he said. To balance the top price point, the chain offers bikes at $99.99 and $129.99.

Jefferson's buyer agrees that instrumentation is a sought-after feature on bikes. The chain's top-ticket item ($199.99) has a digital console with readout for pulse beat. The chain devotes a total of seven sku's to exercise bicycles.

Greater sophistication in exercise bikes was also evident at Heck's where buyer Rex Workman stocks three models at $129 everyday and about $89 on ad. One has a saddle-seat and is chain driven, while the other has belt drive to cut down on noise. Another bike has recently been added, Workman said, with an everyday price of $119 and $79 on ad.

In contrast, Gold Circle's buyer Bob Van Meter was bullish on the exercise trend but cautious on exercise bicycles. "I think the fad has run its course," he said. Instead Gold Circle is expanding its exercise bench category. "There's great promotional opportunity

(Continued on page 26)

Fred Meyer Firm Reportedly Sought By Big Carrefour

PORTLAND, Ore.—A large European retailer—reportedly Carrefour of France—has shown interest in acquiring Fred Meyer Inc., based here.

The inquiry came at a time when the Pacific Northwest retailer was already considering a firm bid from the investment banking firm of Kohlberg, Kravis, Roberts & Co. (KKR) to acquire its 7.3 million outstanding shares for $55 apiece.

Preliminary talks between Fred Meyer and a third company, Evans Products (building and forest supplies, railroad cars and home-center stores) were terminated at presstime by Evans.

Fred Meyer executives would not confirm the Carrefour interest, but several industry sources identified the French retailer as the potential suitor, adding that it was not the first time that the overseas firm had looked at the discounter. In its last fiscal year, Carrefour's sales were approximately $3 billion (14 billion francs).

Carrefour expressed an interest in Fred Meyer last year and put out feelers through a Portland investment firm, Blank & Co. Later they tried to approach the retailer through Donaldson, Lufkin & Jenrette. The retailer is now working with Lehman Bros., Kuhn and Loeb, the New York-based investment banking firm. Meyer officials refused to confirm these reports, but said they were seriously considering all offers and that a decision will be made soon.

(When the announcement of the two latest takeover inquiries was made, Fred Meyer stock was being quoted at approximately $46.)

Cash-Discount Bill Seen Becoming Law

WASHINGTON—Prompt Senate passage of the previously stalled "cash discount" bill was expected at presstime following approval in the House by a lopsided 389 to 9 vote.

The bill would allow discounters and other retailers to give unlimited cash discounts to customers who pay by cash or check instead of a credit card.

Leaders of key House and Senate committees have been pushing for passage of the bill since the end of February when the existing ban on credit card surcharges expired. Provisions in the bill would extend the surcharge ban for three years.

Both the House and Senate bill agreed on most provisions. The delay was caused by an unrelated amendment in the Senate version that would have permitted the appointment as Surgeon General a physician who is older than the required age. The physician is controversial because he is also an opponent of abortion.

House members of the conference committee—which works out disagreements with Senate legislation—agreed to let the amendment stay in the bill because it would be meaningless since a Surgeon General, by law, first must be a member of the Public Health Service, which also has an age limit, and which rules out the Philadelphia physician.

Following passage in the Senate, the bill is expected to be signed into law by President Reagan.

In This Issue...

BUOYANT NOTE. Mild spring weather helped boost retailers' orders for fishing equipment, according to the sporting goods PMA.(P. 13)

CONTROL CENTER. DSN columnists urge discount executives to exercise more control over (a) merchandise loans to employees, and (b) ad costs. (Bob Curtis, p. 14; Stephanie Shern, p. 12)

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Agency Contracts, Other Key Areas Should Be Evaluated

Retail Execs Must Get Involved In Controlling Advertising Costs

By Stephanie Shern
Principal, Arthur Young & Co., New York

Advertising costs are one of the largest single expenses in the retailer's income statement. As they increase and new media formats are introduced, it is imperative that retail executives be involved in controlling these costs just as they are responsible for controlling inventory costs and other expenses.

By evaluating the following key areas, retail executives or their accountants can often uncover weaknesses in advertising costs controls.

The Contract:

The contract between the retailer and its advertising agency is an essential means of cost control. To ensure that the contract is effective, the retail executive should confirm that it documents the following:

- Retailer's right to audit the agency's bills and back-up material.
- Benefits from discounts.
- Agency's method of calculating commissions.
- Agency's rate for production charges.
- Agency's method for charging in-house labor and overhead.
- Frequency of bill submission.
- What receipts or other documents are to be sent with bills.
- Which affidavits and documentation the retailer needs.
- Who monitors affidavits, and how frequently.

Cooperative (co-op) advertising is an arrangement whereby advertising costs are shared by the retailer and its vendor or vendors. However, cost reductions that would normally result from negotiated co-op sharing arrangements often are not realized because the retailer's internal accounting department was not informed of the arrangements.

Recently, a financial executive asked his internal audit group to perform a detailed audit of his company's advertising cost records, paying close attention to the co-op area. The findings were astounding —millions of dollars of productive sharing arrangements that had been negotiated by the merchants and communicated to the accounting group. The accounting group, in turn, had not billed the merchants for their share of the advertising costs.

The importance of properly communicating co-op arrangements to the accounting department cannot be overemphasized. Therefore, the retail executive should determine:

- Whether the company's internal accounting department requires a form or agreement to be circulated and filled.
- Who in the accounts payable group follows up on vendor debits.
- Who compares the ad that was actually run to the ad described in the co-op agreement.
- Who is responsible for communicating with the co-op advertiser.

Cash flow:

An executive should also consider the cash flow of advertising expenses. If you use an outside advertising agency, you should be familiar with payment terms to the media so you can be assured a proper return on the cost of your capital. For example, your advertising agency may bill you a month earlier than it has to pay the TV network. Or, you may pay your bills to the agency late and disqualify your company from receiving cash discounts which you would be entitled to if you paid within a certain period. To alleviate such problems you might institute a wire transfer system. This would enable you to pay your agency the day the agency pays the media.

Production Costs:

These out-of-pocket costs, which include sets, copies, film and residuals for performers, can be significant if television or magazine layouts are used. Performers' union contracts, which spell out a wide range of residuals, are particularly complex and require constant interpretation to prevent the retailer from incurring unexpectedly high costs.

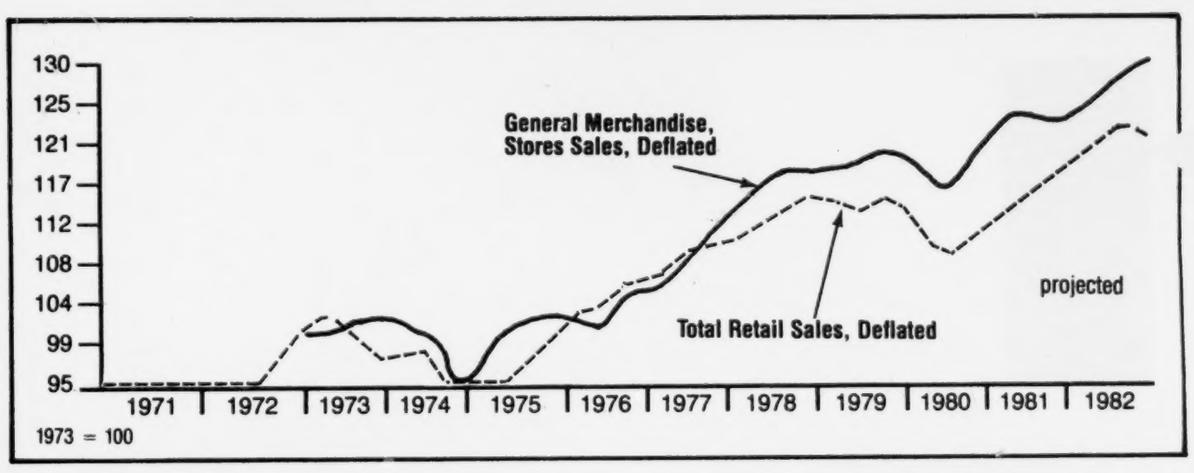
For example, many of you may not know that when a performer is hired for a commercial he or she may be considered an employee of your company, making you responsible for payment of his or her insurance, social security and unemployment taxes. You could be liable even if an agency was called to hire the performer.

Clearly, it is necessary for the retail executive to be aware of these residuals and to understand the nature of all other production costs.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association.

L/F Econocycle

August Discount Store Sales Are Set For 5% Hike



General Merchandise/Discount

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81* 1Q %	'81* 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	11.5	10.0	6.4	9	6.0	9.0
Real sales (Deflated)*	1.9	−2.4	−3.4	−2.0	1.1	5.7	4.9	1.1	3	−1.5	3.2

Base = March 1981 Sales
*Projected

For the past three months, discount stores have been clocking real sales gains of 6% to 7%.

As a result, second-quarter increases settled at roughly 6%—and all signs clearly point to a similar pace for the coming period.

For the past six months, in fact, overall general merchandise sales have been quietly picking up speed—led chiefly by apparel and discount/department store units.

Full-line department stores posted a 2.6% gain in the first quarter, for instance, followed by a sharply increased 7% sales lift for the quarter just ended (projected).

The L-F Econocycle projection for discount stores in the upcoming month is for a solid 5% sales increase, followed in September by gains in the 6% area.

General retailing seems to be heading for a 7%-plus gain in August, although some retail groups (drug, home centers, eating-out) appear to be shifting into a "decompression period," according to Econocycle projections.

Late '81 Slowdown?

Looking further ahead for total retailing, L/F's computer models indicate a possible slowdown beginning in the latter part of the fourth quarter which may continue into the first period of 1982—suggesting that retailers in all sectors must closely examine trends after the summer "slump" period.

The general trend for this year continues to compare favorably with that of the previous year, despite the countersurges of high-cost money on new-store construction and remodeling plans.

The summer slump has been partially countered in some discount chains by a "summer surge" in sporting goods sales, particularly rods and reels (combinations and single pieces) and general fishing tackle, with some wholesalers reporting gains as high as 50%. Many chains have achieved volume gains in double digits.

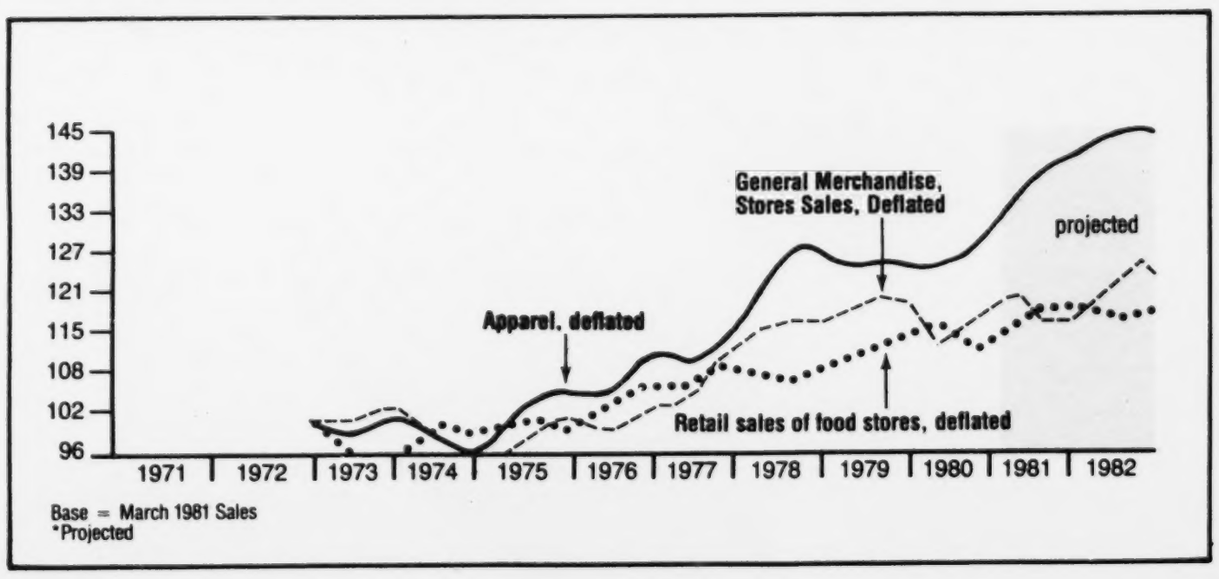
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	− 8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	− 9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.3	− 1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q*	10.0	10.4	6.8	8.5	10.1	8.3	9.7	7.9	8.4
	2Q*	13.8	10.7	10.5	19.8	9.3	13.9	11.6	11.5	12.1
	3Q*	12.1	8.3	10.8	15.5	8.7	12.3	12.4	10.0	11.0
	4Q*	11.6	8.0	8.9	5.4	5.8	12.0	12.4	6.4	8.9
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	7.0	9.0	10.0
	1980	7.0	11.0	9.0	− 3.0	12.0	5.0	5.0	6.0	5.0
	1981*	10.0	9.0	9.0	12.0	8.0	12.0	12.0	9.0	10.0

Real Sales (Deflated)
% Change By Quarter

1980	1Q	− 1.2	5.8	− 0.0	− 2.6	3.8	4.9	− 1.4	1.9	1.8
	2Q	− 5.0	4.9	− 0.1	−17.5	2.0	− 3.4	0.5	− 2.4	− 2.0
	3Q	− 4.2	2.0	− 0.9	−18.5	0.5	− 5.8	− 0.2	− 3.4	− 3.3
	4Q	− 2.9	− 0.6	− 1.8	−10.4	3.9	− 1.1	1.5	− 2.0	− 1.1
1981	1Q*	0.8	− 1.2	3.2	− 0.6	0.2	2.4	6.2	1.1	2.5
	2Q*	6.5	− 0.1	0.6	12.5	1.3	9.0	8.2	5.7	7.0
	3Q*	6.6	2.0	1.3	8.6	2.2	7.3	9.7	4.9	6.4
	4Q*	7.6	5.0	0.2	− 1.4	0.7	5.5	10.5	1.1	4.0
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	6.0	3.0	4.0
	1980	− 3.0	3.0	− 1.0	−12.4	3.0	− 1.0	1.0	− 2.0	− 1.0
	1981*	4.0	− 1.0	− 1.0	4.0	1.0	6.0	8.0	3.0	5.0

Base = March 1981 Sales
*Projected



Base = March 1981 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

PMA®

PRODUCT MOVEMENT AUDIT

Weather Lures Extra Biz in Fishing Gear

An early spring and mild weather pushed stores' sporting goods orders, particularly in fishing gear, considerably higher than a year ago.

On the May PMA, fishing rod and reel orders were up almost 50% and general tackle orders advanced 30%, according to Jim Sylvester, sporting goods buyer for Stem Distributing, a division of Cook United, Maple Heights, Ohio.

The plus business was attributed to consumer interest—not new products: "There are so many rods and reels already on retailers' shelves, and most changes today are cosmetic," Sylvester said. Business is up because discounters have increased their promotions in the category and consumers continue to discover one of man's oldest pastimes.

Heading the PMA listing was Daiwa's 210RL Spincast reel (average retail, $19.47). "Orders were up about 3,000% on the item, compared to last May," reported Sylvester. Orders for Daiwa's 13000C Spin Reel (average retail $25.67) were also up roughly 3,000%; Sylvester said less than half of that was attributable to his firm's new account; the rest was due to increased consumer interest in the category, and a greater number of retailer promotions.

In fact, consumer interest in fishing gear was strong across the board. Combo sets sold well as did individual components; only hard-bait sales "which began to drop off dramatically in 1980" failed to perform well this spring. Sylvester attributed the decline to rising prices and a refusal by consumers to pay the higher ante. "In 1978, a high-priced lure retailed for about $2.99; today it's not uncommon for them to sell for $4.99."

Manufacturer price increases have not been confined to just tackle; vendor price hikes have raised wholesale costs across-the-board roughly 7% to 10% in the last year alone, according to Sylvester. In addition, he said he was having trouble getting goods delivered quickly. "There's no such thing as a hot rush order any more," the buyer said. "We could get all the goods we wanted but instead of taking four or five days for delivery it's taking three.

(Continued on page 15)

SPORTING GOODS

Sporting goods PMA figures for May, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores, including 480 discount stores in 23 states. Average retail prices reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COLEMAN			
1	220K195 double mantle lantern	255	33.71	8,596.05
2	5103 253 Gallon fuel	1,158	4.16	4,817.28
3	5284 Poly cooler 10 gal	143	17.65	2,523.95
4	5281-703/706 Poly cooler 34 qt	116	20.01	2,321.16
5	21A1001 21A Silk mantle 2pk	3,100	0.68	2,108.00
6	5103-164 16.402 Propane fuel	660	2.96	1,953.60
7	425E499 2-Burner stove	49	36.96	1,811.04
8	275710 Lantern	40	39.74	1,589.60
9	5286-703/706 Poly cooler 48 qt	35	34.94	1,222.90
10	413G 499 2-Burner stove	22	50.70	1,115.40
11	5274-702 Oscar cooler, 4 gal	56	17.11	958.16
12	690-048 Clear globe 220	310	2.73	846.30
13	5114-700 Propane lantern	28	27.40	767.20
14	5255C700/703/710 Cooler 56 qt	15	48.64	729.60
15	220E5891 Lantern generator 220	252	2.59	652.68
	GUNS-HUNTING			
1	TB22 Rem 22LR ammo Thunderbolt Lt	2,504	1.61	4,031.44
2	1500 Rem 22 cal 100pack LR ammo	720	3.71	2,671.20
3	3855 Rem 38 Special 158gr	147	11.42	1,678.74
4	25AP Rem 25 auto 6.35mm pistol	80	10.57	845.60
5	357M2/M3 Rem 357 mag 158gr SJHP	49	15.89	778.61
6	1022 Remington H/S short	400	1.63	652.00
7	SX22 WMR win 22 mag hp shell	111	5.77	640.47
8	Yeldm Rem clay targets yellowdome	89	7.16	637.24
9	38SW Rem 38 SW 146 grain	53	11.36	602.08
10	1522 Rem H/S 22LR 40 GRS	100	1.86	186.00
11	222R1 Rem 222 PTD soft point	18	7.34	132.12
12	32SWL Rem 32 S/W long 98 grain	10	10.57	105.70
13	30302 Rem 30/30 Win 170 grain	12	8.54	102.48
14	SP12RS-5PK Rem 12GA rifle slugs	28	2.78	77.84
15	30064 Rem 12GA rifle slugs	28	2.78	77.84

(Continued on page 15)

The Reel Stuff

Small, high-priced sporting goods items—fishing reels, pocket and hunting knives—get display counter space along with pistols and rifles at Caldor's Providence, R.I., store. *(DSN photo)*

Fabric Softener Biz Seen on the Rise

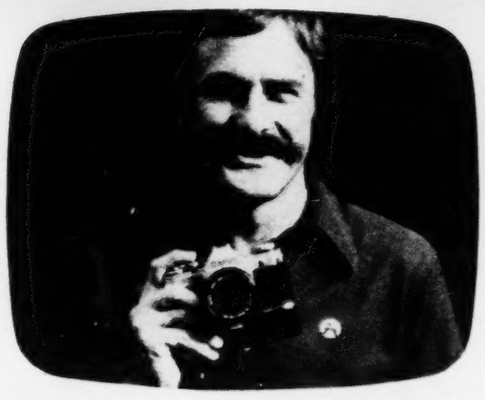
NEW YORK—Fabric softener sales will hit $565 million this year and $800 million by 1985, according to Packaged Facts, an information-research firm here.

Unit sales are projected at 400 million this year and 565 million in 1985.

The use of fabric softeners has risen from three of every five homemakers to three of every four in the last decade.

Canon. The Brand Your Customers Ask For.

Canon is the world's leader in 35mm photography. With nationally advertised cameras like the Canon AE-1, the A-1 and the totally automatic Sure Shot AF35M, it's no wonder. From coast to coast, millions are exposed to Canon advertising every day. On television, in national magazines and newspapers. There are also millions of satisfied Canon camera owners in the U.S. who are also out spreading the word.



The word is Canon. Ask your own people at the point of sale: they'll tell you it's the brand most people ask for. Whether they want a simple snapshot camera, a sophisticated SLR with all the accessories or even a movie camera, they ask for Canon. So it pays for you to stock as many different Canon models as you can to give your customers the variety they need and the brand they trust.

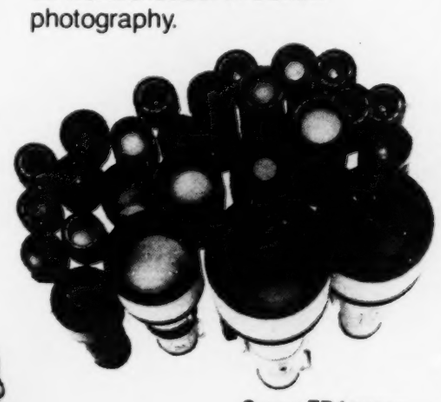
SLR CAMERAS

Canon A-1

Canon "A" Series single-lens-reflex cameras offer electronic 35mm photography at its best. The Canon A-1 is one of the world's most advanced automatic cameras, capable of handling any subject under any conditions with professional results. Yet it's easy to use and its advanced features make it easy to sell.

Canon AE-1

The Canon AE-1 is our most popular model, with shutter-priority automatic exposure control that lets the user select a shutter speed, focus and shoot. Flash photography's fully automatic, too, and Canon Speedlites and accessories like the Power Winder A make easy add-on sales for the AE-1. These profit-makers also fit the AV-1 aperture-priority model. The AV-1 is the lowest-priced Canon automatic SLR, but shares many of the features that helped make us world's leader in 35mm photography.



Canon FD Lenses

To go with the Canon SLR line are a host of easy-to-sell accessories as well as nearly fifty fine Canon FD wide-angle, telephoto and zoom lenses to suit every picture-taking situation. So whatever your SLR customers' needs, the Canon line is the answer.

RANGEFINDER CAMERAS

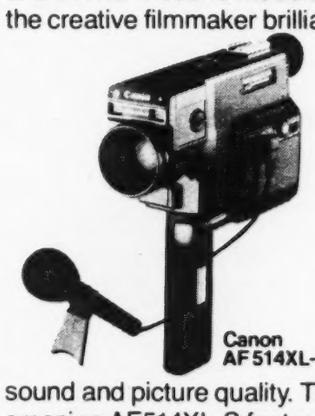
Canon Sure Shot AF35M

The Canon Sure Shot AF35M is the automatic camera everyone's talking about! It has auto focus, auto exposure, built-in auto electronic flash, built-in auto winding and even power rewinding. It's the 35mm camera that says "goodbye frustration" forever because it automatically eliminates common photographic mistakes. It's almost impossible to get a bad picture with this camera–that's why we call it the Sure Shot!

There are other compact, easy-to-use 35mm models in the Canon line, too. For fast turnover there's the compact, lightweight Canonet 28. It combines the simplicity of automatic exposure with the clarity of a superb Canon lens at a rock-bottom price. There's an optional Canolite D electronic flash to go with it, too!

SUPER-8 MOVIES

Canon silent and sound Super-8 movie cameras feature the same design integrity, sharp Canon lenses and exciting features that make all Canon cameras sell well. The 1014XL-S and 814XL-S sound models offer the creative filmmaker brilliant



Canon AF514XL-S

sound and picture quality. The amazing AF514XL-S features a Canon-engineered autofocusing system, and the 514XL-S, like all Canon sound models, provides audibly superior sound, thanks to special Canon features. For lightweight, low-light silent filming, the Canon 514XL and 310XL models deliver professional results with the touch of a button.

Again, we offer a variety of models in all price ranges, so there's a Canon for everyone. And everyone wants Canon!

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PRODUCT MOVEMENT AUDIT

Weather Lures

(Continued from page 13)

four and five weeks to get the goods."

Remington's 22LR (TB22) Thunderbolt ammunition led the hunting PMA with 2,504 units sold for an average retail of $1.61. Otherwise, sales in the category in this off-season (for hunting) month were slow. Second place went to Remington's 22-caliber (1500) 100-pack long rifle ammunition with 720 units sold.

May sales for Coleman products showed that discounters were building their spring inventories in line with previous years. The noticeable change this year was the absence of store purchases for promotions.

Credit Confab Due in Sept.

SAN FRANCISCO—"Credit at the Crossroads" will be the theme of the National Retail Merchants Association annual credit management conference to be held here.

Keynote speaker at the Sept. 20-23 conference will be former Sears vice president and general credit manager Linden Wheeler.

Sessions are scheduled on "Credit Management Today" and "Surviving the High Cost of Credit." Participants in the latter session will be Citicorp vp Morton Schwartz and former Federated Department Stores vp of credit Richard Kerr. Allied Stores vp Robert Myers will be moderator.

In addition, the assistant director of credit practices at the Federal Trade Commission's Bureau of Consumer Protection will address the conference. The program will include innovations in retail credit technology, consumer credit legislation and other topics.

Cost for the conference, which will be held at the Regency Embarcadero, is $225 per delegate for NRMA members, $975 for five or more members from the same company and $375 for each nonmember. Delegates can register through NRMA's Credit Management Division, 100 W. 31 St., New York, N.Y. 10001.

Murphy's Mart

(Continued from page 11)

the 19-year G. C. Murphy veteran will continue those duties as well.

Aubrey R. Johnson, formerly in charge of the old merchandising division, becomes vice president, variety and home furnishings. The division, while operated as a separate entity, will not change significantly because company management is satisfied that hard lines strategies are up to par, a spokesman said.

Lytle said the emphasis on profitable apparel categories is needed to offset increasing costs and to contribute to Murphy's Marts' bottom line. Sales at the Marts increased 17.9% on a four-store gain in 1980, but earnings were tempered by promotional activity and heavier-than-usual markdowns.

SPORTING GOODS

(Continued from page 13)

MISCELLANEOUS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1371/81 Igloo Playmate cooler	461	18.12	8,353.32
2	70/80 Igloo 48-qt cooler	83	30.62	2,541.46
3	1713 Adventurer 3 tray tackle box	220	11.37	2,501.40
4	1781-165G Whamo World Class Frisbee	474	4.93	2,336.82
5	B25B8 Mengo telescopic net 4'-8'	141	10.86	1,531.26
6	R1D12 Worth regulation softball	1,164	1.26	1,466.64
7	PX-1 Worth Reddot softball	288	4.97	1,431.36
8	16SLD/11SLD Water Bascast sinker	600	2.13	1,278.00
9	536-55 Cutter insect spray repellent	432	2.74	1,183.68
10	HG9 Worth baseball Hi-Glo Uniball	900	1.30	1,170.00
11	C Oberlin double bait canteen	186	6.22	1,156.92
12	14RC/11RC Water Rubbercore sinker	516	2.13	1,099.08
13	1P250TR Stanbel ice pack med	612	1.74	1,064.88
14	IP100 O/S Stanbel ice pack small	888	1.15	1,021.20
15	17EG/11EG Water Green Egg sinker	492	2.03	998.76

CAMPING

1	1A10BC Kidde Fireaway ext	221	14.13	3,122.73
2	10BC Kidde Fireaway ext	289	9.73	2,811.97
3	2A4OBC Kidde Fireaway ext	105	25.45	2,672.25
4	3547 Ash disposable flashlite	1,320	1.29	1,702.80
5	231/5PD Crosman powerlit 5-per-box	624	2.04	1,272.96
6	BPFNF6 Rapla 6" fillet knife	113	8.40	949.20
7	1377 Crosman pump pistol BB/177	24	39.09	938.16
8	1010 Marks pistol .177/BB/Dart	61	13.45	820.45
9	38T Crosman 177 cal gas revolver	20	39.88	797.60
10	5766/766 Crosman BB/177 Pellet Rifle	17	45.84	779.28
11	1200 Daisy BB/177 Cal CO_2 Pistol	27	27.19	734.13
12	5760/760 Crosman BB/177 Rifle	19	38.11	724.09
13	1P400TR Stanbel ice pack large	264	2.71	715.44
14	624P Mengo landing net 24x18x20	180	3.75	675.00
15	2200 Crosman .22 cal pellet Rifle	13	49.71	646.23

FISHING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	210RL-BP Daiwa spincast reel	680	19.47	13,239.60
2	13000C-BP Daiwa spin reel	450	25.68	11,556.00
3	A100RL-BP Daiwa spin reel	410	18.58	7,617.80
4	CD-A130/1312 Daiwa kit spin combo	303	23.86	7,229.58
5	CD 402A/212A Daiwa spin combo	570	12.26	6,988.20
6	SP1015-6 Shake Graphit spin rod	258	23.14	5,970.12
7	208RL/1690 Daiwa PMC spincast combo	144	29.22	4,207.68
8	A100RL/1319ACG Daiwa spin combo	132	28.22	3,725.04
9	2490 Zebco combo 600 reel w/4060 rd kt	212	16.87	3,576.44
10	915-920/T6500 Oly spin combo	150	22.84	3,426.00
11	1245 Zebco combo 202 reel w/2023 rod	340	9.86	3,352.40
12	1100RL/T2600 OLM spin cast combo	128	22.84	2,923.52
13	PL100 Daiwa bait cast reel hi speed	51	53.71	2,739.21
14	1545 Zebco combo 404 reel w/4040 rd kt	209	12.96	2,708.64
15	BC1015-5'6" Shake graphit cast rod	115	23.14	2,661.10

Cook Turns Loss To Profit For Qtr.

CLEVELAND—Cook United reported sharply improved sales and earnings for the first fiscal quarter of 1981 ended May 23. For the 16-week period, earnings totaled $122,000, compared to a net loss of $343,000 for the corresponding period last year. Sales for the quarter rose 37.6% to $161.9 million.

The company, which acquired the 47-unit Rink's chain last April, cited the acquisition as a key factor in the financial picture. Martin M. Lewis, chairman and chief executive officer, noted that not only is the Rink's name being retained but Cook's Ontario stores, mainly located in major Ohio cities, are having their names changed to Rink's. According to Lewis, this will save on advertising costs and take advantage of Rink's name.

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Design, Color Make News in Housewares: P. 11

Auto Waxes, Polishes in Seasonal Shine: P. 22

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Chains Taking Fewer Markdowns on Seasonal Goods

Nationwide DSN Report

Industrywide markdowns on seasonal merchandise are running 4% to 5% less as a percentage of sales this year as tighter buying, good weather and a recovering economy continue to work in discounters' favor.

At Fishers Big Wheel, gmm Frank Shanower credited the combination of strong sales, 10% less money put into inventory going into the season, and better weather than in the past with producing the chain's excellent summer season.

"We have close to 50% less lawn & garden and sporting goods merchandise to clear than we did last year," Shanower said at presstime. "Markdowns will be lighter in all categories, and we'll be missing some July sales because of the inventory levels. But with the interest rates so high, we can't afford to carry the merchandise the extra 30 days to capture some of those sales."

A spokesman at G. C. Murphy (Murphy's Mart) said markdowns in wearables will be smaller than last year, but they will be larger in lawn & garden and patio furniture. The chain slowed down merchandise coming into its pipeline during June on the outdoor goods.

At T.G. & Y., a spokesman said he expected lawn & garden markdowns to be smaller than last year because the chain bought lighter in the category. He said: "Some markdown problems developed at a few stores, but this was due to mistakes at store level and is not a chainwide trend."

Improved merchandising techniques—particularly in advertising and in the timing of seasonal clearance sales—also played a part in many chains having only 10% of their seasonal merchandise on hand near the end of July.

A senior vp at Gold Circle credited advertising changes and in-store positioning as elements producing the chain's "cleanest year ever" in the amount of merchandise left for markdown. Prange-Way was among those stepping up promotional frequency slightly, while a spokesman at the Zodys division of Hartfield-Zodys said stronger response than [illegible] to

(Continued on page 49)

The still-strengthening automotive DIY market has Caldor, Middletown, N.Y., grouping high-ticket DIY merchandise—jacks and ramps—and parts for almost-major repairs, like mufflers and tailpipes.

Smaller, Portable Products Help Home Sound to Swing

Special DSN
Home Sound Report

Home sound equipment sales are on the upswing as discounters get big results from smaller, more portable sound units.

As the popularity of portable stereo radio/cassette players ("boom boxes") grows, sales and selections of stereo compact systems edge off. "Boom boxes" have mastered the sound quality of compact systems, and retail at similar price points, but provide the extra attraction of portability. This trend is also beginning to show its effects on record album sales vs. cassette sales.

Another newcomer to the home sound is the mini-component system (also known as bookshelf or cigar-box systems). For the first time, the promotional-end stereo manufacturers—most notably Emerson and Yorx—are now offering these miniature component systems. With the growth in the number of apartment dwellers and the trend toward smaller homes, buyers believe that these small systems will become more and more popular.

Discounters' experimentation with higher-priced stereo sound equipment seems to have ended at the $400 to $500 price bracket. Most believe that if price ceilings were raised beyond those levels, their stores would have to provide more knowledgeable sales help, thus deviating from their self-service operation.

Wal-Mart, however, is playing renegade in its home sound department. The chain has introduced the 2000 and 3000

(Continued on page 45)

Auto Buyers Bullish, See Chemicals as Red-hot

Special DSN
Automotive Report

Some automotive department buyers are "cautiously optimistic," but others are predicting sales increases in excess of 25% for the upcoming winter season due to strengthened regional economies and continued growth in the do-it-yourself trend.

Most discounters are adding one-dropping one in sku's, so a large department expansion is unlikely; buyers are adopting a wait-and-see attitude toward new items like musical horns and high-end stereos with built-in graphic equalizers.

Chemicals are expected to be a red-hot category throughout the fall/winter season. Buyers for Northern-based chains are pinning their forecasts on the hope of an expected severe winter throughout the Northern part of the United States. The past two winters have been unusually warm in the Northeast and Midwest, causing depressed sales of winter seasonal goods in those areas. Spokesmen for Fishers Big Wheel and Heck's are looking for increased chemical sales as the leading growth category, with department sales increases of 8% to 10%.

Adequate supplies of chemicals and all other categories are once again assured, as the delivery problems that have plagued many discounters are now a thing of the past. Nearly all chains are utilizing a combination of feeders and distributors, successfully eliminating stock shortages which

(Continued on page 8)

Industry Stunned As Wal-Mart Adds Dear Hi-fi Models

BENTONVILLE, Ark.—Wal-Mart's decision to bring in high-priced, hi-fi component systems from Pioneer is sending shock waves through the discount industry.

Reaction to Wal-Mart's move to add the Pioneer Syscom 2000 ($544) and the 3000 ($688) models to its home sound equipment department ranged from awed admiration to disbelief. But the general consensus was that if any chain could handle the risk, Wal-Mart could. Most cited the chain's merchandising flexibility as their reason for optimism.

At presstime, Wal-Mart had had the models in the stores for 60 days, and buyer Mike Noblett declined comment on his colleagues' reactions until the chain had more sales history behind the products.

Most of the industry saw Wal-Mart's move as a way to gain credibility in consumer electronics. "They are looking for the prestige that comes along with carrying high-quality brand name equipment," said one buyer.

"Wal-Mart is smart," said another merchandiser. "Their stores are out in the boonies

(Continued on page 45)

Richway to Invade Southern Florida

ATLANTA—Richway is jumping into the southern Florida market.

John H. Weitnauer, chairman of the board and ceo, said the Georgia-based chain is currently looking for building sites in Palm Beach and Broward counties. The company hopes to announce final plans for two new stores by the end of the year or early in 1982, Weitnauer said, but declined to reveal the proposed sites.

DSN learned that Richway controls 7.8 acres of land along Federal Highway in Deerfield,

(Continued on page 50)

Best 1st Cataloger to Do $1 Billion

RICHMOND—Best Products has become the first catalog showroom chain to join the $1 billion sales club.

The cataloger generated $1,002,100,000 in sales in the fiscal year ended June 27, up $160,300,000 or 19% from $841,800,000.

The record volume came from 92 showrooms, a gain of 13 units from 1980.

The new stores, along with increased promotional efforts in the April-through-June fourth quarter, sparked Best's $1 billion year.

The 79 showrooms in operation in both years had a 4.4% sales gain, going from $841.8 million to $878.8 million, with the 13 new units accounting for $123.3 million in volume, or about $9.5 million each.

The fourth-quarter performance saw sales go up 33.8% to $231.4 million from $172.9 million. Same-showroom volume of $202.6 million was up 17.2%, so that the new units checked out $28.8 million in the quarter.

(Continued on page 50)

BEST AVAILABLE COPY

Tax Cuts Are Seen Quickly Spurring Retail Sales

Martin Lefkowitz is a senior economist for the U.S. Chamber of Commerce and director of the Chamber's Federal Government budget program. He has been closely studying the budget and tax proposals of President Reagan from the standpoint of the business community. He was interviewed by John S. Friedman, Washington correspondent for Discount Store News.

Discount Store News: How will the reductions in the Federal budget affect business and retailing?

Lefkowitz: Programs like the food stamp program will have a particular effect on retailers. Supermarkets, of course, will be affected directly. Low-income people—we can assume they spend virtually all their money—are going to have to make some choices. Do they cut back on the quality of food they buy, or *not* cut back on food and not have as much to spend on other retail items? If food purchases are maintained at the same level, they will cut back on other items—say clothing.

DSN: Besides reductions in food stamps, are there any other program cuts that will specifically affect the retail community?

Lefkowitz: I don't think most of the programs that are cut will greatly affect the business community.

DSN: What about the cutbacks at the regulatory agencies?

Lefkowitz: There may not be immediate, direct results, but businessmen will certainly have more relaxed feelings in terms of what the Government is going to do and not do.

DSN: In the lobbying over the Federal budget, did the Chamber focus on any specific areas?

Lefkowitz: Rather than get involved in internal squabbles because there were matters that would have affected members of the board individually, the board voted to endorse the President's entire program.

DSN: What about the tax-cut proposals?

Lefkowitz: Again, we have endorsed the President's whole program. The Chamber was in favor of most of the tax reforms prior to the President's proposals, such as the 10-5-3 depreciation and the Kemp-Roth plan.

DSN: Do you think that high interest rates will continue once the President's economic program is in place?

Lefkowitz: In the last recession, interest rates shot up during the recession. It's a matter of cash flow. Say you're a discounter who has a large inventory which no one buys. So you're paying 22% for interest. This has a compounding effect.

If the economy doesn't recover, retailers are going to mark down their merchandise. That's when you might see interest rates decline.

The reverse happens when the economy starts expanding. You get the cash flow in. The tax cuts will increase cash flow, and therefore reduce the need for businesses to go outside to finance their inventory and capital expenditure needs.

You'll see a situation where firms can generate more funds than they have previously.

DSN: What about the tight-money policy of the Federal Reserve Board?

Lefkowitz: Friends of mine at the Treasury Department who influence policy are monetarists. They think that the only way to hold down inflation is to keep the money supply tight. I think that the Administration won't back off from stringent monetary controls. Only when inflation comes down will interest rates also fall.

DSN: When do you think the economy will turn around?

Lefkowitz: It depends on when the Administration's economic program goes into effect. The economy has been going up and down like a yo-yo. The second quarter of last year we had a 10% annual rate of decline. It was a one-quarter recession.

In the first quarter of this year there was an annual rate of growth of 8.6% in the Gross National Product. In the second quarter, the rate of decline of the GNP was 1.9%—a 10½% reverse in the direction of the economy.

If you look back historically we haven't had too many of these abrupt changes.

DSN: Can we expect a turnaround by December?

Lefkowitz: Within one to two quarters after the tax cut is passed. If we pass a tax cut in September you should see some pretty positive results either the first quarter of 1982 or by the second quarter. In terms of retail sales you should see the turn almost immediately because there will be an increase in take-home pay as soon as the tax cut is passed.

DSN: Are you predicting that retail sales will increase as early as October?

Lefkowitz: The day the Government cuts withholding taxes on individuals, when people get their paychecks they will be in the stores spending their money.

DSN: Aren't a substantial number of people going to be out of work as a result of the budget cuts? Won't that affect sales adversely?

Lefkowitz: There really aren't going to be that many people affected—mainly people in the Federal Government.

DSN: What about food stamps and other sources of income?

Lefkowitz: Many people would be eligible for other programs. The President is not trying to cut benefits to the poor. He's trying to cut benefits to a large number who have been able to accumulate some sort of a right to benefits, not based on need but the way the entitlement programs are structured.

The fact of the matter is that most people benefiting from programs such as Social Security are not below the poverty level.

DSN: You are very optimistic. Are you saying, therefore, that not only will the economy improve fairly quickly but that retailers will probably be the first to benefit?

Lefkowitz: Yes, because people will spend a large part of their money.

"The day the Government cuts withholding taxes on individuals, when people get their paychecks they will be in the stores spending their money."—Martin Lefkowitz, senior economist, U.S. Chamber of Commerce.

Home Furnishings Store Is Tested by Cataloger

EDINA, Minn.—Modern Merchandising has opened a 4,800-sq.-ft. test LaBelle's Home Furnishing store here as part of the parent company's effort to develop furniture and home furnishings as a new growth area.

The move came as the company opened 3,000-sq.-ft. furniture sections in LaBelle's showrooms in Roseville and Burnsville, Minn., using space freed from warehouse use.

Innovative Techniques

Modern Merchandising is the second cataloger to test furniture and home furnishings as a growth area and the second showroom operator to open a specialty store.

L. Luria & Son, which had been a member of the Creative Merchandising group to which Modern Merchandising belongs, has opened Luria Lifestyle stores adjacent to a number of its showrooms.

Service Merchandise has two toy specialty stores and is considering opening additional units.

Modern Merchandising has some similar furniture and home furnishings in the Roseville and Burnsville showrooms and the freestanding Edina store. The merchandise is carried as bulk goods in the two showrooms in a section called Home Furnishings Center.

The specialty store, which is due to have its grand opening next month, features a more extensive mix of furniture and home furnishings in group settings and vignettes, with salesclerks waiting on customers.

The two LaBelle's showrooms have picked up the merchandise in Creative Merchandising's four optional pages of home furnishings. However, the LaBelle's Home Furnishing only has merchandise found on one page of modular furniture and one page of ceiling fans included in the store's extensive assortment.

LaBelle's Home Furnishing at presstime hadn't completed its mix, with gourmet items due to be added to the lifestyle furniture and accessories such as wall decor, lamps, place setting and napkins already being merchandised.

Why It Was Done

While the test store doesn't follow the showroom format, it uses the LaBelle's name to attract customers who have shopped the cataloger, as well as other consumers who may respond to its newspaper ads.

The store doesn't use a catalog.

Merchandise carries markups higher than those found in LaBelle's showroom, but under those found in traditional furniture and home furnishing stores.

When Service Merchandise opened its two toy specialty stores, it didn't use its showroom logo. Instead, it called these units The Toy Store.

This was done to avoid any cross-identification between the showrooms and the toy stores, as a large number of the same toys and sporting goods are carried in both. The Toy Store prices much of its merchandise higher than the cataloger, so that cross-identification between the two could have created merchandising problems.

Since LaBelle's showrooms carry only a limited amount of items found in the test home furnishings store, there isn't the same potential competitive pricing problem. Therefore, cross-identification between the cataloger and the specialty store doesn't raise any pricing difficulties.

Luria Lifestyle stores carry merchandise found in the company's catalog and are adjacent to the showroom, so that there isn't any problem of cross-identification or competitive pricing.

Govt. Affairs Confab Set

WASHINGTON—The National Mass Retailing Institute will hold its annual Government affairs conference on Sept. 16 and 17, 1981, at the Hyatt Regency on Capitol Hill.

Senior level executives of NMRI member companies who wish to attend the conference should contact Kevin Shein, director of Government affairs for the NMRI, at institute headquarters: 570 Seventh Ave., New York, N.Y. 11018; 212-354-6600.

NMRI Is Expanding Study Of Shrinkage Control

NEW YORK, N.Y.—The National Mass Retailing Institute is set to repeat its annual study of shrink control, security and loss prevention practices—conducted each year by Arthur Young & Co.—but the 1981 survey will be expanded to include other classes of retail trade.

Department stores and specialty stores (and a classification called "other" in the survey document) will join NMRI member firms in this year's survey, which will be published in mid-December.

More than 2,000 questionnaires will be distributed early next month, and retailers will be requested to return the completed 34-question survey form by Oct. 15 to Arthur Young &

(Continued on page 50)

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EAT, EAT. Big discounters give permanent space to noncandy food. (P. 17)

MOVE IT. Housewares staples, auto waxes spark the latest PMAs. (Pp. 11, 22)

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Discount Store News

PRODUCT MOVEMENT AUDIT

Designs, Hues Are the News In Housewares

By Howard Bobroff
President,
Myron Nickman Distributors

Staples made news at the housewares show and the availability of this merchandise at stable prices should enable discounters and other retailers to maintain a more productive nonelectric housewares mix for the last half of the year.

Manufacturers at the show indicated good supplies of basic housewares, with "what's new" mainly focused on new designs and colors, rather than a hot fad item or category.

The continuing interest in fashion as the sales spark was also seen in the Product Movement Audit that covered the Jan. 1 through May 23 period. This prehousewares show span saw the first appearance of some of the new designs and colors that made news at the show—especially in products for the tabletop and glassware.

In glassware, for example, the tawny swirl finish showed up on three glasses, Nos. 4, 5 and 8, as manufacturers featured textured glass as a fashion interest for beverageware.

The fashion area for glassware highlights designs that tie in with patterns and colors used on dinnerware or that use a highly recognized character. Cross-merchandising of glassware with dinnerware will become even more important in the future as more and more manufacturers use common fashions on glassware and dinnerware to finally completely integrate tabletop housewares.

Some manufacturers have even explored using similar fashions on tabletop goods and cookware, but this is much more difficult due to the different manufacturers involved.

There was a proliferation of dinnerware set counts as Corning Glass introduced four new set counts for three lines, Corelle, Expressions and Dimension IV, plus one new line, Traditions, in two different set sizes.

Corelle in the 16-pc. set size showed up on the PMA even before its introduction at the show as retailers quickly added this lower-priced dinnerware to their assortment. Four different Corelle designs in 16-pc. sets were Nos. 11, 12, 13 and 14.

Discounters and other retailers added this merchandise because the 16-count sets carried about $5 lower tags than the original 20-pc. sets, and the lower priced sets are expected to boost demand for this highly popular basic dinnerware.

The manufacturers noted that dinnerware sales were soft in 1980 but rebounded strongly this year. The introduction of

(Continued on page 12)

HOUSEWARES

These housewares figures, for Jan. 1-May 23, supplied by Myron Nickman Distributors, a division of Cook United, Maple Heights, Ohio, cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount clients.

TABLETOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	7	Corelle 20-pc set, gold	2,348	31.42	73,774.16
2	6	Corelle 20-pc set, Woodland	1,673	31.39	52,515.47
3	—	Corelle 20-pc set, green	1,538	31 57	48,554.66
4	3	Expressions 20-pc st, Indn Smmr	756	49.52	37,437.12
5	4	Corelle 20-pc set, blue	1,063	30.53	32,453.39
6	2	Expressions 20-pc set, Meadow	569	49.39	28,102.91
7	5	Corelle 20-pc set, white	882	29.65	26,151.30
8	14	Dimension IV 16-pc set, Cinnamon	783	30.62	23,975.46
9	1	Expressions 20-pc set, Wildflower	418	50.18	20,975.24
10	—	Dimension IV 16-pc set, Almond	613	30.97	18,984.61
11	—	Corelle 16-pc set, Woodland	531	25.26	13,413.06
12	—	Corelle 16-pc set, gold	511	25.21	12,882.31
13	—	Corelle 16-pc set, green	509	25.21	12,831.89
14	—	Corelle 16-pc set, blue	458	25.17	11,527.86
15	11	Dimension IV 16-pc set, Citrus	344	31.64	10,884.16

GLASSWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	Durand 5½ oz juice, 4-pk	18,180	4.47	81,264.60
2	3	Anchor Hocking 24-pc st, Nwprt Crystl	1,424	9.10	12,958.40
3	2	Anchor Hocking 24-pc st Nwprt Gld	1,414	9.10	12,867.40
4	—	Libbey 17-oz ice tea, Tawny Swirl	25,848	3.50	9,046.80
5	—	Libbey 25-oz cooler, Tawny Swirl	16,812	0.50	8,406.00
6	—	Libbey 12-oz gblt, Grnd Cnsr, 8-pc	17,952	0.46	8,257.92
7	—	Libbey milk bottle	496	15.12	7,499.52
8	—	Libbey 80-oz pitcher, Tawny Swirl	3,468	2.13	7,386.84
9	5	Libbey 6½-oz tall wine, Citation, 4-pc	1,512	4.38	6,622.56
10	7	Libbey 6½-oz red wine, Citation, 4-pk	1,272	4.35	5,533.20
11	9	Durand 7-pc salad set, Diamant	628	8.79	5,520.12
12	—	Libbey 10-oz rocks, Chivalry	624	8.16	5,091.84
13	—	Libbey 12-oz white wine, Citation	363	12.94	4,697.22
14	—	Libbey Sun brew tea set	804	5.84	4,695.36
15	6	Libbey 10-oz goblet, Citation, 4-pk	984	4.48	4,408.32

COOKWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3	Chilton 7-pc set, SilverStone alm	2,334	25.94	60,543.96
2	—	Wear-Ever 8" chf pn, Bnty, SlvrStn, alm	9,312	5.53	51,495.36
3	—	Gen Houswr Columbian 11½-qt pot	1,740	8.40	14,616.00
4	—	Gen Houswr Granitware 21-qt canner	1,230	9.97	12,263.10
5	—	Wear-Ever 10" ste pn, Prem, SlvrStne	1,232	9.21	11,346.72
6	13	Ekco 3/4" dp ckie sht, Baker's Secret	3,504	2.93	10,266.72
7	—	Anchor Hocking microware bacon rack	2,112	4.68	9,884.16
8	—	Wear-Ever 8" ste pn, Prem, SilverStone	1,200	7.70	9,240.00
9	—	Chilton 12-qt sauce pot, alumin	1,120	7.90	8,848.00
10	—	Wear-Ever sqre grddle, Prem, SlvrStn	880	9.79	8,615.20
11	10	Ekco 1"-deep ckie sht, Baker's Secret	3,060	2.63	8,047.80
12	—	Gen Houswr Columbian 7-1/2-qt pot	1,128	7.01	7,907.28
13	—	Ekco oblong cake pan, Baker's Secret	2,844	2.70	7,678.80
14	—	Wear-Ever 12" ste pn, Prem, SlvStne	552	12.71	7,015.92
15	—	Gen Houswr Wagner II 3/4" skillet	741	8.60	6,372.60

GADGETS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	5	Foley 8-pc cook set, choc	5,064	2.27	11,495.28
2	6	Rhodes Daisey Bell timer	1,830	5.31	9,717.30
3	2	Swing-A-Way prtble cn opnr, chrome	2,796	3.00	8,388.00
4	—	Frigidaire ice cube tray	2,976	1.47	4,374.72
5	12	Range Kleen 8" reflector bib	1,764	2.39	4,215.96
6	13	Range Kleen 6" reflector bib	2,112	1.99	4,202.88
7	—	E-Z Foil oven liner	2,892	1.40	4,048.80
8	—	E-Z Foil electric burner bib	4,296	0.94	4,038.24
9	7	Ekco peeler, stainless steel	3,804	1.02	3,880.08
10	—	American Family 25-lb kitchen scale	372	9.83	3,656.76
11	—	Springfield oven thermometer	2,250	1.54	3,465.00
12	—	Ekco can opener/w bttl opnr	4,308	0.08	3,446.40
13	—	Sprngfld Palisades indr-outdr thrmmtr	618	5.26	3,250.68
14	—	Ekco small nylon turner, black handle	2,400	1.35	3,240.00
15	—	E-Z Foil dispos gas burner bib	3,420	0.94	3,214.80

(Continued on page 12)

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The Gourmet Look, in Good Taste

Caldor, Woonsocket, R.I., illustrates the gourmet look discounters are creating by combining various housewares classifications on upgraded displayers in an open-look presentation. *(DSN photo)*

Designs, Hues

(Continued from page 11)

additional counts, especially service-for-eight sets, are directed toward national retailers and catalog showrooms, rather than local chains. A Corning Glass report noted that national chains and catalogers traditionally are more successful sellers of higher-priced products. The 35-pc. and 43-pc. sets are expected to be strongest among these retailers, with most discounters and local retailers more sharply focused on 16-pc. and 20-pc. sets.

The broad appeal of basic

(Continued on page 42)

PMA® PRODUCT MOVEMENT AUDIT

HOUSEWARES

(Continued from page 11)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Fesco 32-gal trash can, avocado	1,590	10.50	16,695.00
2	—	Lustro 24-gal Super Can, dome top	1,368	11.63	15,909.84
3	5	Lustro-Ware 12-gal container, springtop	1,956	6.29	12,303.24
4	4	Lustro-Ware 11-qt heavy duty pail	6,264	1.58	9,897.12
5	—	Lustro-Ware 1-gal decanter	5,508	1.75	9,639.00
6	—	Fesco 38-qt No Hands Can	1,350	6.15	8,302.50
7	2	Lustro-Ware 24-gal Super Can, green	798	10.33	8,243.34
8	—	Lustro-Ware 24-gal Spr Cn, alum clr	816	9.88	8,062.08
9	—	Fesco 20-gal trash can, avocado	1,068	7.34	7,839.12
10	—	Lustro-Ware 4-pc bowl set w/cvr, yllw	2,616	2.76	7,220.16
11	7	Lustro-Ware 44-qt flip-top basket	1,188	5.25	6,237.00
12	—	Lustro-Ware storage bin	3,570	1.69	6,033.30
13	15	Lustro-Ware 1.1 bush oval Indy bskt	1,812	3.00	5,436.00
14	—	Fesco 56-qt waste bin, avoc	966	4.79	4,627.14
15	8	Lustro 6-gal Super Can, green	1,182	3.88	4,586.16

CLEANING & CHEMICALS

1	2	Stick Goods 8" Roll-o-Matic mop	6,168	7.51	46,321.68
2	—	Drackett broom, Light 'n Easy	7,038	3.85	27,096.30
3	—	Johnson 14-oz Lemon Pledge	8,796	2.28	20,054.88
4	—	Johnson 27-oz Future	5,088	3.10	15,772.80
5	5	3M 16-oz Scotch Guard	3,924	4.01	15,735.24
6	1	Texize 64-oz Yes	4,740	3.24	15,357.60
7	—	Johnson 46-oz Future	3,318	4.48	14,864.64
8	—	Drackett 26-oz Drano	6,516	2.22	14,465.52
9	—	Johnson 18-oz Raid	4,284	3.29	14,094.36
10	—	Stick Goods Auto-Q sponge mop	2,916	4.69	13,676.04
11	—	Murphy 32-oz Liquid Soap	7,116	1.91	13,591.56
12	—	Drackett 67-oz Drano	6,492	2.09	13,568.28
13	—	Boyle 16-oz Woolite	8,016	1.69	13,547.04
14	—	Stick Goods corn broom	4,992	2.71	13,528.32
15	—	Drackett 32-oz industrial strngth clnr	10,992	1.22	13,410.24

(Continued on page 42)

Two Execs Join DH Foundation Board

MINNEAPOLIS—Two Dayton Hudson executives, Peter Hutchinson and John F. Kilmartin, have been named to the corporation's foundation board.

Hutchinson was also elected chairman of the foundation board, effective immediately, succeeding Wayne E. Thompson who is leaving active management.

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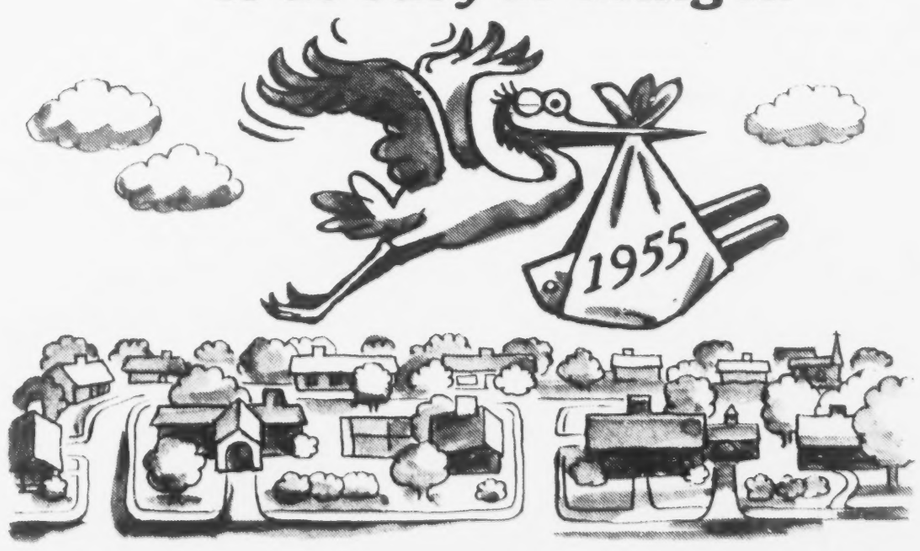

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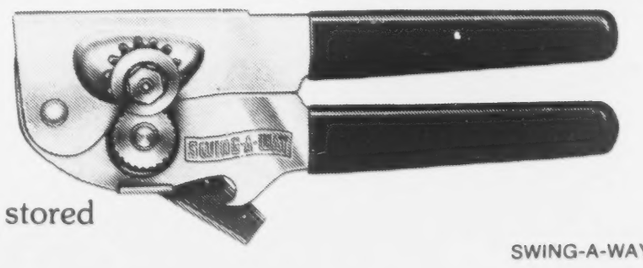

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